

Foreign Income And Taxes Reported On U.S. Individual Tax Returns, 1983: An Overview

By David Paris*

During Calendar Year 1984 more than 159,000 taxpayers reported approximately \$7.2 billion of foreign earned income on their U.S. individual income tax returns. More than \$5.7 billion of this income was excluded from domestic taxation under the foreign earned income exclusion provisions of the tax law. Foreign taxes paid on the foreign earned income which was not excluded, as well as on the income from foreign investments reported by these and other U.S. taxpayers, were eligible for a foreign tax credit. For Tax Year 1983, almost 372,000 individual returns reported approximately \$617 million in foreign tax credits.

More detailed information about taxpayers reporting either foreign earned income or a foreign tax credit will be presented in a forthcoming issue of the SOI Bulletin.

OVERVIEW OF THE FOREIGN EARNED INCOME AND FOREIGN TAX CREDIT PROVISIONS

The Economic Recovery Tax Act of 1981 simplified the foreign earned income provisions of U.S. tax law. Prior to the 1981 Act, U.S. citizens with foreign earned income were allowed a deduction for "excess" foreign living expenses and an exclusion of income earned abroad while living in a hardship area "camp" [1].

For 1983, a qualifying taxpayer who worked abroad and received earned income from foreign sources could elect to exclude up to \$80,000 of such income from U.S. taxation. In general, to have qualified for the foreign earned income exclusion a U.S. citizen working abroad either had to have been a bona fide resident of a foreign country or countries for an uninterrupted period that included a full tax year or had to have lived in a foreign country or countries for at least 330 days out of any 12 consecutive-month period.

Moreover, for those qualifying U.S. citizens living and working abroad there were two additional tax provisions in effect for Tax Year 1983. Where foreign housing expenses were provided by an employer, a taxpayer could elect to exclude from taxation an amount of foreign housing expenses; and for self-employed individuals, a deduction for

foreign housing costs was available.

The United States imposes its income tax on the worldwide income of its citizens and residents without regard to the geographic source of the income. U.S. individual taxpayers who accrue or pay foreign taxes on their foreign-source income are eligible to use those taxes to claim a tax credit (or to itemize them as a deduction) on their U.S. income tax return. In most cases the credit is more advantageous to the taxpayer than a deduction because it results in a dollar-for-dollar reduction of U.S. tax liability.

INCOME EARNED ABROAD

As shown in Figure A, salaries, wages, allowances and reimbursements accounted for the overwhelming majority (94 percent) of foreign earned income reported by U.S. citizens abroad.

Figure A.—Selected Sources of Foreign Earned Income, 1983

[Amounts in thousands of dollars]

| Income sources | Number of returns | Amount |
|---|-------------------|-------------|
| Total | 159,194 | \$7,185,955 |
| Salaries and wages | 153,724 | 5,293,462 |
| Allowances, reimbursements and expenses paid on employee's behalf | 59,227 | 1,444,919 |
| Noncash income | 22,301 | 165,088 |
| Business/profession (net) | 5,694 | 119,753 |
| Partnership (net) | 736 | 37,005 |

More than \$5.7 billion of the approximately \$7.2 billion of foreign earned income was excluded from U.S. taxation by 154,429 taxpayers [2]. The average for all returns was \$36,955, about 46 percent of the maximum \$80,000 foreign earned income exclusion. The exclusion was reported on Form 2555, Foreign Earned Income, attached to Form 1040.

FOREIGN TAX CREDIT

The foreign tax credit is the third largest credit claimed by individual U.S. taxpayers, surpassed only by the investment

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and child care credits. For Tax Year 1983, 371,945 taxpayers claimed foreign tax credits totaling more than \$617 million on Form 1040, U.S. Individual Income Tax Return. However, only 351,789 returns had a supporting Form 1116, Computation of Foreign Tax Credit attached to Form 1040 [3]. Form 1116 was the source of the data on foreign income and taxes. More than \$595 million of foreign tax credit was computed on the Form 1116.

Figure B shows that salaries and wages accounted for more than 78 percent of all foreign-source income reported on Form 1116. However, the type of foreign-source income reported by the most taxpayers was dividend income.

Figure B.—Returns With Foreign Tax Credit: Selected Sources of Foreign Income Reported on Form 1116, 1983

(Amounts in thousands of dollars)

| Income source | Number of returns | Amount |
|--|-------------------|-------------|
| Total | 350,785 | \$4,368,096 |
| Salaries and wages | 61,523 | 3,410,293 |
| Dividends ¹ | 203,363 | 564,866 |
| Net gain (less loss) from sales of capital assets | 11,132 | 255,461 |
| Rents and royalties | 8,950 | 84,631 |
| Estates and trusts | 7,447 | 60,603 |
| Business or profession | 6,610 | 355,708 |
| Certain interest ² | 35,693 | 107,530 |
| Domestic International Sales Corporation dividends | 12,250 | 15,299 |
| All other income (less loss) | 70,847 | -486,298 |

¹ Excludes dividends from Domestic International Sales Corporations, shown separately.

² See footnote 4 under Notes and References.

DATA SOURCES AND LIMITATIONS

A general description of the sampling procedures and data limitations applicable to the Statistics of Income (SOI) tabulations is contained in the Appendix to this report. Spe-

cific information applicable to the 1983 returns with foreign earned income or foreign tax credit is presented below.

Sample Selection and Criteria

The 1983 estimates in this article are based on a sample of individual income tax returns, Forms 1040, processed by the Internal Revenue service centers during 1984. Generally, for most taxpayers, those returns filed during a particular calendar year are for the previous tax year. As was the case for the general tax filing population, approximately 98 percent of the "foreign returns" processed during Calendar Year 1984 were for Tax Year 1983. The remaining returns filed were for prior tax years or were noncalendar year returns. Returns for prior years were used in place of 1983 returns filed after December 31, 1984. This was done in the belief that the characteristics of returns due but not yet filed could best be represented by the returns for previous years filed in Calendar Year 1984.

The sample was stratified based on the larger of total income or loss and the size of business plus farm receipts, and the presence or absence of a Form 2555, Foreign Earned Income; a Form 1116, Computation of Foreign Tax Credit; a Schedule C, Profit (or Loss) from a Business or Profession; and a Schedule F, Farm Income and Expenses. The sampling rates for the "foreign returns" ranged from 0.73 percent to 100 percent. Figure C presents the number of returns in the population and in the sample.

Because the data presented in this article are based on a sample of returns filed, they are subject to sampling error. To properly use the statistical data provided, the magnitude of the potential sampling error must be known. Coefficients of variation (CV's) are used to measure the magnitude.

Figure C.—Number of Form 1040 Returns Filed in 1984 with Form 2555 and/or Form 1116 and Number in Sample

| Description of sample strata | | Number of Returns with Form 2555 or 1116 | |
|--|--|--|--------|
| | | Population | Sample |
| Grand total | | 524,601 | 13,038 |
| High income nontaxable returns, total ¹ | | 447 | 129 |
| Large business returns, total ² | | 14,456 | 855 |
| Other Forms 1040 with Form 2555, total | | 160,308 | 7,486 |
| Larger of total income or total loss amount: | and Size of business plus farm receipts: | | |
| Under \$1,000,000 | Under \$20,000,000 | 160,257 | 7,438 |
| \$1,000,000 and over | Any amount | 51 | 48 |
| Under \$1,000,000 | \$20,000,000 and over | | |
| Other Forms 1040 with Form 1116, total | | 349,390 | 4,568 |
| Under \$1,000,000 | Under \$20,000,000 | 347,078 | 2,338 |
| \$1,000,000 and over | Any amount | | |
| Under \$1,000,000 | \$20,000,000 and over | 2,312 | 2,230 |

¹ Form 1040 returns with adjusted gross income of \$200,000 and over with no income tax after credits and no additional tax for tax preferences.

² Form 1040 returns only with combined Schedule C (business or profession) net profit or loss of \$200,000 and over.

Figure D presents "upper-limit" CV's for frequency estimates for both the foreign earned income and foreign tax credit data. The approximate CV's shown here were computed from a formula based on the sum-of-the-squares method and are intended only as a general indication of the reliability of the data. For a number other than those shown, the corresponding CV's can be estimated by interpolation.

Figure D.—Coefficients of Variation, 1983

| Approximate coefficient of variation | Estimated number of returns | |
|--------------------------------------|-----------------------------|-----------|
| | Form 2555 | Form 1116 |
| 0.02 | 51,000 | 340,000 |
| 0.05 | 8,200 | 54,000 |
| 0.10 | 2,000 | 13,600 |
| 0.15 | 900 | 6,000 |
| 0.20 | 500 | 3,400 |
| 0.30 | 230 | 1,510 |
| 0.40 | 130 | 850 |
| 0.50 | 80 | 540 |

NOTES AND REFERENCES

- [1] For further information on the foreign earned income provisions of U.S. tax law prior to 1981, see *Statistics of Income—1976–1979, International Income and Taxes, Foreign Income and Taxes Reported on U.S. Income Tax Returns*.
- [2] The 4,765 return difference between the number of Forms 2555 filed and those claiming the foreign earned income exclusion is primarily attributable to the Calendar Year 1984 filings for Tax Year 1981 and prior years when U.S. tax law did not provide for the exclusion. For

further information about the use of prior year returns in the 1983 statistics, see Sample Selection and Criteria under Data Sources and Limitations.

- [3] The data presented in this article do not reflect any adjustments to the taxpayer's account resulting from IRS audit activities. For those taxpayers who claimed a credit but did not file a Form 1116, an audit by IRS would require taxpayers to provide evidence such as withholding statements or tax payment receipts to support the foreign tax credit claimed.
- [4] A separate foreign tax credit computation for certain interest income was required by section 904 of the Internal Revenue Code. The interest to which this computation applied was defined as all interest income except the following:
- (1) amounts derived from any transaction which was directly related to the active conduct of a trade or business;
 - (2) amounts derived from the conduct of banking, financing, or a similar business;
 - (3) amounts received from a foreign corporation in which the taxpayer owned at least 10 percent of the voting stock; and
 - (4) amounts received on obligations acquired where it was necessary to dispose of an active foreign trade or business, or of securities in a foreign corporation in which the taxpayer owned 10 percent (or more) of the voting stock.

Individual Foreign Income and Taxes, 1983

Table 1.—All Returns with Form 2555: Number of Returns, Adjusted Gross Income, Income Earned Abroad and Foreign Earned Income Exclusion, and Income Tax

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Size of adjusted gross income | Number of returns | | | Adjusted gross income | | Taxable income | |
|----------------------------------|-------------------|------------------------|----------------------|-----------------------|-----------|----------------------|-----------|
| | Total | Bona fide residence | Physical presence | Number of returns | Amount | Number of returns | Amount |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| All returns, total | 159,194 | 99,624 | 57,987 | 140,180 | 2,611,840 | 96,159 | 2,120,549 |
| Under \$10,000 | 95,046 | 64,112 | 30,053 | 76,032 | 127,473 | 33,014 | 95,243 |
| \$10,000 under \$25,000 | 31,013 | 15,225 | 15,363 | 31,013 | 507,917 | 30,161 | 362,767 |
| \$25,000 under \$50,000 | 20,155 | 10,678 | 9,308 | 20,155 | 698,242 | 20,046 | 554,608 |
| \$50,000 under \$100,000 | 9,234 | 6,580 | 2,568 | 9,234 | 629,349 | 9,213 | 539,181 |
| \$100,000 under \$200,000 | 3,056 | 2,412 | 623 | 3,056 | 414,285 | 3,035 | 361,480 |
| \$200,000 under \$500,000 | 631 | 563 | *67 | 631 | 163,379 | 631 | 144,140 |
| \$500,000 under \$1,000,000 | 32 | 32 | — | 32 | 19,998 | 32 | 18,387 |
| \$1,000,000 or more | 27 | 22 | *5 | 27 | 51,197 | 27 | 44,743 |
| Taxable returns, total | 69,656 | 37,610 | 31,635 | 69,656 | 2,345,290 | 69,486 | 1,927,691 |
| Under \$25,000 | 39,310 | 19,617 | 19,246 | 39,310 | 525,941 | 39,161 | 391,713 |
| \$25,000 under \$50,000 | 18,527 | 9,371 | 9,009 | 18,527 | 643,526 | 18,527 | 514,311 |
| \$50,000 or more | 11,819 | 8,622 | 3,110 | 11,819 | 1,175,823 | 11,798 | 1,021,667 |
| Nontaxable returns, total | 89,538 | 62,014 | 26,622 | 70,524 | 266,550 | 26,673 | 192,858 |
| Under \$25,000 | 86,749 | 59,720 | 26,170 | 67,735 | 109,449 | 24,014 | 66,297 |
| \$25,000 under \$50,000 | 1,628 | 1,307 | 299 | 1,628 | 54,717 | 1,519 | 40,297 |
| \$50,000 or more | 1,161 | 987 | 153 | 1,161 | 102,385 | 1,140 | 86,264 |

| Size of adjusted gross income | U.S. income tax before credits | | Foreign tax credit | | Total | Foreign earned income | |
|----------------------------------|--------------------------------|---------|----------------------|---------|-----------|-----------------------|-----------|
| | Number of returns | Amount | Number of returns | Amount | | Salaries and wages | |
| | (8) | (9) | (10) | (11) | (12) | Number of returns | Amount |
| | (8) | (9) | (10) | (11) | (12) | (13) | (14) |
| All returns, total | 76,422 | 533,229 | 28,302 | 201,409 | 7,185,955 | 153,724 | 5,293,462 |
| Under \$10,000 | 14,308 | 4,750 | 2,292 | 456 | 3,348,823 | 91,627 | 2,734,452 |
| \$10,000 under \$25,000 | 29,195 | 41,211 | 7,103 | 6,912 | 1,245,644 | 30,286 | 945,134 |
| \$25,000 under \$50,000 | 20,003 | 100,392 | 8,887 | 26,648 | 1,121,717 | 19,575 | 737,499 |
| \$50,000 under \$100,000 | 9,191 | 153,806 | 6,747 | 60,662 | 836,775 | 8,807 | 503,250 |
| \$100,000 under \$200,000 | 3,035 | 138,460 | 2,680 | 70,336 | 450,675 | 2,792 | 253,793 |
| \$200,000 under \$500,000 | 631 | 63,906 | 542 | 32,275 | 149,739 | 582 | 103,996 |
| \$500,000 under \$1,000,000 | 32 | 8,701 | *30 | *1,853 | 22,142 | *30 | *6,871 |
| \$1,000,000 or more | 27 | 22,003 | 21 | 2,266 | 10,440 | 25 | 8,468 |
| Taxable returns, total | 69,635 | 493,437 | 22,090 | 162,074 | 3,647,404 | 67,416 | 2,490,933 |
| Under \$25,000 | 39,310 | 41,935 | 5,712 | 3,642 | 1,378,712 | 38,259 | 1,055,963 |
| \$25,000 under \$50,000 | 18,527 | 93,013 | 7,476 | 19,378 | 973,136 | 17,991 | 653,378 |
| \$50,000 or more | 11,798 | 358,488 | 8,902 | 139,054 | 1,295,556 | 11,166 | 781,592 |
| Nontaxable returns, total | 6,787 | 39,792 | 6,212 | 39,335 | 3,538,550 | 86,308 | 2,802,529 |
| Under \$25,000 | 4,193 | 4,026 | 3,683 | 3,727 | 3,215,754 | 83,654 | 2,623,623 |
| \$25,000 under \$50,000 | 1,476 | 7,379 | 1,411 | 7,270 | 148,581 | 1,584 | 84,121 |
| \$50,000 or more | 1,118 | 28,387 | 1,118 | 28,338 | 174,215 | 1,070 | 94,785 |

| Size of adjusted gross income | Foreign earned income exclusion | | Foreign housing exclusion | | Foreign housing deduction | |
|----------------------------------|---------------------------------|-----------|---------------------------|---------|---------------------------|--------|
| | Number of returns | Amount | Number of returns | Amount | Number of returns | Amount |
| | (15) | (16) | (17) | (18) | (19) | (20) |
| All returns, total | 154,429 | 5,707,052 | 27,786 | 314,767 | 1,100 | 13,385 |
| Under \$10,000 | 93,438 | 3,149,663 | 9,462 | 98,807 | 452 | 4,109 |
| \$10,000 under \$25,000 | 29,888 | 1,058,736 | 5,048 | 49,103 | *129 | *1,407 |
| \$25,000 under \$50,000 | 18,975 | 801,784 | 6,458 | 73,843 | *193 | *3,574 |
| \$50,000 under \$100,000 | 8,491 | 459,480 | 4,709 | 55,799 | *129 | *1,609 |
| \$100,000 under \$200,000 | 2,972 | 194,928 | 1,678 | 25,438 | *149 | *2,312 |
| \$200,000 under \$500,000 | 607 | 37,961 | 398 | 11,276 | *45 | *321 |
| \$500,000 under \$1,000,000 | 32 | 2,595 | *26 | *388 | ** | *14 |
| \$1,000,000 or more | 26 | 1,905 | *7 | *113 | ** | *39 |
| Taxable returns, total | 66,651 | 2,550,655 | 16,978 | 193,061 | 579 | 8,124 |
| Under \$25,000 | 38,143 | 1,222,105 | 5,209 | 47,692 | *107 | *1,878 |
| \$25,000 under \$50,000 | 17,497 | 710,039 | 5,686 | 61,971 | *171 | *2,842 |
| \$50,000 or more | 11,011 | 618,512 | 6,083 | 83,398 | 301 | 3,403 |
| Nontaxable returns, total | 87,778 | 3,156,397 | 10,808 | 121,707 | 521 | 5,262 |
| Under \$25,000 | 85,183 | 2,986,295 | 9,301 | 100,217 | 474 | 3,637 |
| \$25,000 under \$50,000 | 1,478 | 91,746 | 772 | 11,873 | *22 | *732 |
| \$50,000 or more | 1,117 | 78,356 | 735 | 9,617 | *25 | *893 |

* Estimate should be used with caution because of the small number of sample returns on which it is based.

** Data combined to avoid disclosure of information for specific taxpayers.

NOTE: Detail may not add to total because of rounding.

Table 2.—All Returns with Foreign Tax Credit: Sources of Income, Deductions and Tax Items and Foreign Income, Taxes and Credit by Size of Adjusted Gross Income

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Size of adjusted gross income | Number of returns | Adjusted gross income | Itemized deductions | Taxable income | U.S. income tax before credits | Foreign tax credit claimed | U.S. income tax after credits |
|-------------------------------|-------------------|-----------------------|---------------------|----------------|--------------------------------|----------------------------|-------------------------------|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| All returns, total | 371,945 | 30,233,571 | 6,510,794 | 23,522,952 | 8,217,269 | 617,166 | 7,384,345 |
| Under \$10,000 | 26,073 | 178,075 | 17,977 | 138,744 | 10,262 | 4,046 | 5,893 |
| \$10,000 Under \$25,000 | 77,938 | 1,376,069 | 231,840 | 1,058,062 | 135,778 | 31,921 | 99,904 |
| \$25,000 Under \$50,000 | 120,756 | 4,350,792 | 814,937 | 3,476,928 | 647,892 | 92,791 | 544,917 |
| \$50,000 Under \$100,000 | 87,517 | 6,085,557 | 1,238,787 | 4,822,714 | 1,310,791 | 154,974 | 1,130,260 |
| \$100,000 Under \$200,000 | 35,446 | 4,876,443 | 1,095,805 | 3,772,870 | 1,345,624 | 150,703 | 1,154,223 |
| \$200,000 Under \$500,000 | 18,068 | 5,316,456 | 1,233,393 | 4,082,782 | 1,772,161 | 117,802 | 1,599,325 |
| \$500,000 Under \$1,000,000 | 4,061 | 2,750,062 | 696,424 | 2,052,600 | 964,446 | 13,174 | 924,109 |
| \$1,000,000 or more | 2,086 | 5,300,117 | 1,181,632 | 4,118,253 | 2,030,316 | 51,756 | 1,925,714 |
| Taxable returns, total | 342,474 | 29,453,469 | 6,390,297 | 22,922,870 | 8,089,737 | 492,951 | 7,384,345 |
| Under \$25,000 | 85,506 | 1,304,121 | 216,527 | 1,016,413 | 126,704 | 18,628 | 105,797 |
| \$25,000 Under \$50,000 | 112,560 | 4,081,647 | 767,591 | 3,273,990 | 613,106 | 59,079 | 544,917 |
| \$50,000 or more | 144,408 | 24,067,701 | 5,406,179 | 18,632,467 | 7,349,927 | 415,243 | 6,733,631 |
| Nontaxable returns, total | 29,471 | 780,102 | 120,497 | 600,082 | 127,532 | 124,215 | — |
| Under \$25,000 | 15,444 | 181,548 | 22,060 | 130,113 | 12,525 | 11,046 | — |
| \$25,000 Under \$50,000 | 11,257 | 337,620 | 58,576 | 253,216 | 41,596 | 40,004 | — |
| \$50,000 or more | 2,770 | 260,934 | 39,861 | 216,752 | 73,411 | 73,165 | — |

| Size of adjusted gross income | Total U.S. income tax | Returns with a Form 1116 in support of credit claimed | | | | | |
|-------------------------------|-----------------------|---|-----------------------|--------------------|---------------------------------------|--|--|
| | | Number of returns | Adjusted gross income | Salaries and wages | Domestic and foreign dividends in AGI | Business and profession net profit (less loss) | Sales of capital assets net gain (less loss) |
| | (8) | (9) | (10) | (11) | (12) | (13) | (14) |
| All returns, total | 7,612,248 | 351,789 | 28,860,188 | 13,835,555 | 5,378,436 | 1,181,655 | 4,109,663 |
| Under \$10,000 | 5,893 | 23,606 | 161,087 | 149,731 | 33,247 | 4,288 | 4,600 |
| \$10,000 Under \$25,000 | 100,444 | 73,674 | 1,305,786 | 1,112,922 | 198,725 | 45,882 | 39,223 |
| \$25,000 Under \$50,000 | 553,401 | 113,605 | 4,079,492 | 2,919,444 | 570,565 | 139,342 | 183,358 |
| \$50,000 Under \$100,000 | 1,160,830 | 83,612 | 5,822,024 | 3,715,156 | 930,573 | 251,117 | 400,828 |
| \$100,000 Under \$200,000 | 1,200,966 | 34,047 | 4,671,989 | 2,573,050 | 808,787 | 245,747 | 440,633 |
| \$200,000 Under \$500,000 | 1,659,248 | 17,470 | 5,165,026 | 2,045,700 | 1,056,837 | 204,133 | 866,484 |
| \$500,000 Under \$1,000,000 | 955,125 | 3,762 | 2,552,811 | 520,568 | 705,467 | 77,352 | 546,785 |
| \$1,000,000 or more | 1,976,342 | 2,013 | 5,101,974 | 798,983 | 1,074,234 | 213,795 | 1,627,752 |
| Taxable returns, total | 7,612,248 | 323,501 | 28,097,343 | 12,791,875 | 5,333,727 | 1,161,438 | 4,091,682 |
| Under \$25,000 | 106,337 | 79,821 | 1,230,659 | 875,971 | 213,312 | 45,133 | 37,841 |
| \$25,000 Under \$50,000 | 553,401 | 105,546 | 3,813,794 | 2,576,415 | 553,319 | 131,170 | 182,168 |
| \$50,000 or more | 6,952,510 | 138,134 | 23,052,889 | 9,339,488 | 4,567,096 | 985,134 | 3,871,673 |
| Nontaxable returns, total | — | 28,288 | 762,845 | 1,043,681 | 44,709 | 20,217 | 17,981 |
| Under \$25,000 | — | 14,556 | 171,051 | 283,662 | 17,051 | 271 | 5,620 |
| \$25,000 Under \$50,000 | — | 10,962 | 330,860 | 446,050 | 19,040 | 12,937 | 1,551 |
| \$50,000 or more | — | 2,770 | 260,934 | 313,969 | 8,802 | 7,009 | 10,810 |

| Size of adjusted gross income | Returns with a Form 1116 in support of credit claimed—Continued | | | | | | |
|-------------------------------|---|---------------------|----------------|--------------------------------|----------------------------|-------------------------------|-----------------------|
| | Rent and royalty net income (less loss) | Itemized deductions | Taxable income | U.S. income tax before credits | Foreign tax credit claimed | U.S. income tax after credits | Total U.S. income tax |
| | (15) | (16) | (17) | (18) | (19) | (20) | (21) |
| All returns, total | 541,502 | 6,241,264 | 22,427,908 | 7,850,110 | 604,868 | 7,044,856 | 7,263,321 |
| Under \$10,000 | 5,071 | 15,466 | 125,339 | 9,330 | 3,794 | 5,229 | 5,229 |
| \$10,000 Under \$25,000 | -43,336 | 217,817 | 1,006,021 | 129,494 | 31,131 | 94,540 | 95,080 |
| \$25,000 Under \$50,000 | -13,771 | 762,965 | 3,259,246 | 606,981 | 90,543 | 507,814 | 516,214 |
| \$50,000 Under \$100,000 | 43,372 | 1,183,714 | 4,615,591 | 1,255,174 | 150,732 | 1,079,273 | 1,109,841 |
| \$100,000 Under \$200,000 | 65,170 | 1,050,442 | 3,613,729 | 1,289,401 | 149,156 | 1,101,407 | 1,147,686 |
| \$200,000 Under \$500,000 | 180,007 | 1,207,099 | 3,958,051 | 1,719,751 | 116,034 | 1,558,303 | 1,613,103 |
| \$500,000 Under \$1,000,000 | 213,700 | 662,661 | 1,889,278 | 887,818 | 12,722 | 848,477 | 877,510 |
| \$1,000,000 or more | 91,290 | 1,141,098 | 3,960,653 | 1,952,162 | 50,755 | 1,849,813 | 1,898,658 |
| Taxable returns, total | 573,102 | 6,126,842 | 21,838,001 | 7,723,507 | 481,471 | 7,044,856 | 7,263,321 |
| Under \$25,000 | -30,994 | 205,178 | 958,942 | 120,161 | 18,149 | 99,769 | 100,309 |
| \$25,000 Under \$50,000 | -1,991 | 716,510 | 3,058,508 | 572,450 | 57,086 | 507,814 | 516,214 |
| \$50,000 or more | 606,087 | 5,205,154 | 17,820,551 | 7,030,895 | 406,235 | 6,437,273 | 6,646,798 |
| Nontaxable returns, total | -31,600 | 114,422 | 589,907 | 126,604 | 123,397 | — | — |
| Under \$25,000 | -2,384 | 16,991 | 124,478 | 12,112 | 10,744 | — | — |
| \$25,000 Under \$50,000 | -16,673 | 57,570 | 248,677 | 41,081 | 39,489 | — | — |
| \$50,000 or more | -12,543 | 39,861 | 216,752 | 73,411 | 73,165 | — | — |

Footnotes at end of table

Individual Foreign Income and Taxes, 1983

Table 2.—All Returns with Foreign Tax Credit: Sources of Income, Deductions and Tax Items and Foreign Income, Taxes and Credit by Size of Adjusted Gross Income—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

| Size of adjusted gross income | Returns with a Form 1116 in support of credit claimed—Continued | | | | | | |
|----------------------------------|---|--|-----------|-----------|--|--------------------------|------------------------------|
| | Foreign income and taxes | | | | | | |
| | Gross income | | | | | | |
| | Total number of returns | Other than DISC dividends and certain interest | | | | | |
| | | Total | | Dividends | Net gain from sale of capital assets | Salaries and wages | Business or profession |
| Number of returns | Amount | | | | | | |
| | (22) | (23) | (24) | (25) | (26) | (27) | (28) |
| All returns, total | 350,785 | 310,934 | 4,245,267 | 564,866 | 255,461 | 3,410,293 | 355,708 |
| Under \$10,000 | 23,606 | 20,212 | 105,052 | 8,124 | 1,501 | 100,464 | 12,233 |
| \$10,000 Under \$25,000 | 73,379 | 63,564 | 476,308 | 44,189 | 2,266 | 568,937 | 10,945 |
| \$25,000 Under \$50,000 | 113,194 | 99,247 | 921,110 | 118,402 | 3,702 | 946,335 | 48,627 |
| \$50,000 Under \$100,000 | 83,317 | 74,496 | 1,030,878 | 149,831 | 12,598 | 961,994 | 38,284 |
| \$100,000 Under \$200,000 | 34,047 | 31,026 | 657,566 | 74,291 | 27,514 | 549,248 | 52,128 |
| \$200,000 Under \$500,000 | 17,468 | 16,894 | 617,128 | 51,605 | 130,283 | 241,164 | 128,203 |
| \$500,000 Under \$1,000,000 | 3,762 | 3,594 | 133,926 | 54,930 | 7,443 | 23,021 | 13,547 |
| \$1,000,000 or more | 2,012 | 1,901 | 303,300 | 63,495 | 70,154 | 19,130 | 51,740 |
| Taxable returns, total | 322,497 | 283,704 | 3,343,611 | 515,234 | 242,747 | 2,552,159 | 288,811 |
| Under \$25,000 | 79,526 | 67,311 | 278,649 | 40,055 | 2,451 | 350,532 | 6,402 |
| \$25,000 Under \$50,000 | 105,135 | 91,252 | 619,586 | 96,709 | 3,631 | 662,085 | 21,216 |
| \$50,000 or more | 137,836 | 125,141 | 2,445,376 | 378,470 | 236,664 | 1,539,542 | 261,192 |
| Nontaxable returns, total | 28,288 | 27,230 | 901,656 | 49,632 | 12,714 | 858,134 | 66,897 |
| Under \$25,000 | 14,556 | 13,562 | 223,583 | 11,903 | 1,316 | 222,673 | 13,829 |
| \$25,000 Under \$50,000 | 10,962 | 10,898 | 380,653 | 22,047 | 71 | 380,447 | 30,359 |
| \$50,000 or more | 2,770 | 2,770 | 297,421 | 15,682 | 11,328 | 255,014 | 22,710 |

| Size of adjusted gross income | Returns with a Form 1116 in support of credit claimed—Continued | | | | | | |
|----------------------------------|---|--------|-------------------------|---------|----------------------|-----------|--|
| | Foreign income and taxes—Continued | | | | | | |
| | Gross income—Continued | | | | Total deductions | | Taxable income (less loss before loss recapture) |
| | DISC dividends ¹ | | Certain interest income | | Number of returns | Amount | Other than DISC dividends and certain interest |
| | Number of returns | Amount | Number of returns | Amount | | | |
| | (29) | (30) | (31) | (32) | (33) | (34) | (35) |
| All returns, total | 12,250 | 15,299 | 35,693 | 107,530 | 200,989 | 1,121,603 | 3,138,689 |
| Under \$10,000 | 411 | 317 | 3,587 | 6,352 | 9,560 | 28,606 | 77,253 |
| \$10,000 Under \$25,000 | 3,447 | 4,755 | 8,081 | 15,945 | 36,717 | 139,759 | 338,560 |
| \$25,000 Under \$50,000 | 3,976 | 4,165 | 11,915 | 24,593 | 58,384 | 273,949 | 650,024 |
| \$50,000 Under \$100,000 | 3,701 | 4,510 | 7,258 | 24,303 | 51,553 | 269,455 | 763,837 |
| \$100,000 Under \$200,000 | 274 | 441 | 3,658 | 18,190 | 25,345 | 130,743 | 528,367 |
| \$200,000 Under \$500,000 | 277 | 190 | 822 | 9,530 | 14,213 | 157,388 | 463,689 |
| \$500,000 Under \$1,000,000 | 142 | 158 | 189 | 2,152 | 3,516 | 35,552 | 98,849 |
| \$1,000,000 or more | 22 | 764 | 183 | 6,465 | 1,701 | 86,151 | 218,111 |
| Taxable returns, total | 11,839 | 12,897 | 34,684 | 99,872 | 184,411 | 940,048 | 2,418,175 |
| \$25,000 | 3,447 | 2,670 | 10,862 | 17,904 | 37,076 | 97,895 | 183,258 |
| \$25,000 Under \$50,000 | 3,976 | 4,165 | 11,787 | 22,431 | 53,028 | 210,887 | 411,480 |
| \$50,000 or more | 4,416 | 6,063 | 12,035 | 59,537 | 94,307 | 631,266 | 1,823,437 |
| Nontaxable returns, total | 411 | 2,402 | 1,009 | 7,658 | 16,578 | 181,555 | 720,515 |
| Under \$25,000 | 411 | 2,402 | 669 | 4,372 | 7,495 | 56,911 | 166,982 |
| \$25,000 Under \$50,000 | — | — | 265 | 2,183 | 7,062 | 76,621 | 304,118 |
| \$50,000 or more | — | — | 75 | 1,103 | 2,021 | 48,023 | 249,415 |

| Size of adjusted gross income | Returns with a Form 1116 in support of credit claimed—Continued | | | | | | |
|----------------------------------|---|---------------------|--|------------------------------------|---|---------------------------|--------------------------------------|
| | Foreign income and taxes—Continued | | | | | | |
| | Taxable income (less loss) before loss recapture—Continued | | Taxable income after loss recapture | Foreign taxes available for credit | | | Foreign tax credit computed |
| | DISC dividends | Certain interest | | Total | On income other than DISC dividends and certain interest | On certain interest | |
| | | | | | | | |
| | (36) | (37) | (38) | (39) | (40) | (41) | (42) |
| All returns, total | 14,693 | 93,099 | 3,250,047 | 1,141,206 | 1,114,414 | 24,670 | 595,966 |
| Under \$10,000 | 317 | 5,544 | 83,112 | 26,657 | 24,498 | 2,128 | 3,990 |
| \$10,000 Under \$25,000 | 4,501 | 14,185 | 351,660 | 77,463 | 73,261 | 3,648 | 30,973 |
| \$25,000 Under \$50,000 | 3,981 | 21,914 | 670,667 | 195,798 | 190,917 | 4,338 | 90,952 |
| \$50,000 Under \$100,000 | 4,484 | 21,907 | 788,813 | 292,584 | 286,593 | 5,171 | 150,760 |
| \$100,000 Under \$200,000 | 439 | 16,649 | 547,340 | 254,183 | 247,976 | 6,141 | 149,171 |
| \$200,000 Under \$500,000 | 189 | 5,580 | 478,573 | 216,359 | 214,780 | 1,550 | 107,198 |
| \$500,000 Under \$1,000,000 | 138 | 1,696 | 101,209 | 16,371 | 16,009 | 338 | 12,716 |
| \$1,000,000 or more | 644 | 5,623 | 228,674 | 61,791 | 60,380 | 1,357 | 50,205 |
| Taxable returns, total | 12,307 | 85,840 | 2,526,449 | 859,383 | 835,096 | 22,512 | 471,686 |
| Under \$25,000 | 2,432 | 15,635 | 200,813 | 55,509 | 50,477 | 4,794 | 17,896 |
| \$25,000 Under \$50,000 | 3,981 | 19,834 | 431,530 | 124,808 | 120,634 | 3,631 | 57,042 |
| \$50,000 or more | 5,894 | 50,371 | 1,894,106 | 679,066 | 663,986 | 14,087 | 396,748 |
| Nontaxable returns, total | 2,386 | 7,259 | 723,598 | 281,824 | 279,318 | 2,158 | 124,280 |
| Under \$25,000 | 2,386 | 4,078 | 171,041 | 34,844 | 33,514 | 982 | 10,972 |
| \$25,000 Under \$50,000 | — | 2,096 | 302,055 | 84,758 | 84,051 | 707 | 40,005 |
| \$50,000 or more | — | 1,085 | 250,502 | 162,221 | 161,752 | 469 | 73,303 |

¹ DISC means Domestic International Sales Corporations.

* Estimate should be used with caution because of small returns on which it was based.

NOTE: Detail may not add to total because of rounding.